



**March 5, 2010**

**Senator Toni Nathaniel Harp, Co-Chair  
Representative John C. Geragosian, Co-Chair  
Members of the Appropriations Committee**

**Testimony Regarding Senate Bill No. 357, AAC REDUCTIONS TO STATE CONTRACTS**

I am Edgar Bernier, Chief Financial Officer of Catholic Charities. I appreciate this opportunity to discuss Senate Bill No. 357, An Act Concerning State Contracts.

Private providers contract with numerous state agencies for the provision of services. Generally, funds are expected to be expended in the designated line items. However, the state agencies do allow for budget revisions in various line items during the contract year. This has worked effectively for us during "ordinary" fiscal times and is appropriate for program oversight.

However, when and if the proposed budget rescissions or legislatively mandated reductions occur within the fiscal year of the contract, agencies need the flexibility to address immediately the amount and timing of those adjustments without concern that approval may be denied or delayed.

Budget rescission decisions are made after a contract begins and well into the program year. The adjustments required are compacted into a shorter time period – thereby, requiring more extensive revisions that not-for-profits need confidence will not be rejected. For example, a 10% rescission in December is a 20% budget adjustment over the remaining six months. Agencies need to have the flexibility to address such large changes.

I have attached a letter that we received on Wednesday (March 3) which clearly demonstrates the issue. We received notice of a 5% rescission for the Nurturing Families Program, which is equal to 20% in the last quarter. We will have to submit a revised program budget for the next three months for three locations. The letter indicates that proposals which impact program services will require a narrative and will be subject to appeal by the department.

We are asking your support of Senate Bill No. 357. This bill would allow private providers to transfer monies among line items in their approved operating budgets up to the aggregate amount of such reduction when the reduction is 5% of the contract or greater without the prior approval of the state departments.

Thank you for your time and support of this bill.



**STATE OF CONNECTICUT**  
*DEPARTMENT OF SOCIAL SERVICES*  
25 SIGOURNEY STREET • HARTFORD, CONNECTICUT 06106-5033

To: Carmen Dosal, Program Manager (Interim)  
Catholic Charities

From: Karen Foley-Schain, Director  
Children's Trust Fund

Date: March 3, 2010

**Subject: Contract Number 08CTF0131EC**

With the state budget continuing to face a substantial shortfall, Governor Rell has exercised her authority to order 5% rescission in various state accounts.

As a result, the Department of Social Services has been directed to reduce funding for many of its programs and services including those programs and services implemented through the Children's Trust Fund. To implement this directive, the department must reduce a number of those provider contracts funded through those accounts that are subject to the 5% rescission.

The purpose of this letter is to notify you that the account which funds the above referenced contract, in whole or in part, has been subject to a 5% rescission. Therefore the Department is reducing the above referenced contract by \$8,386.91 from its current value of \$594,114.00 to a reduced value of \$ 585,727.09 and you are hereby formally notified and advised that you must operate within this reduction through June 30, 2010, the end of the current state fiscal year.

As the Department is required to implement these rescissions during state fiscal year 2010 we must reduce the maximum contract value and the scheduled payment for services to be provided during the period April 1, 2010 to June 30, 2010.

To demonstrate the impact of this reduction you must submit to DSS a revised budget that identifies where spending will be reduced during the last quarter of the current fiscal year.

As you prepare your budget revision and consider the areas that can absorb the reduction, we ask that you do what can be done to trim administrative costs, program materials, training, program supplies and other expenses that do not directly impact staffing or program services. We do, however, recognize that despite your best efforts you may have no choice but to impact program services. If that is the case, in addition to the submission of a budget revision you must submit a narrative describing your proposed revisions to the scope of services.

The DSS budget form and contractor information form are attached. The narrative describing your proposed revisions to the scope of service should be no more than on type written page and must clearly state the proposed change, the rationale for the change, and the impact on program services, if any. Please e-mail the revised budget and, if necessary, the proposed revision to your scope of services to your program liaison by April 1, 2010.



## PART III

## FINANCIAL SUMMARY

PROGRAM NAME:

PROGRAM NUMBER:

Contract Amount	Requested	Adjustments	Approved
<i>For Amendments Only</i>			
Previously Approved Contract Amount			
Amount of Amendment			\$

Line #	Item	Subcategory (a)	Line Item Total (b)	Adjustments (c)	Revised Total (d)
<b>1</b>	<b><u>UNIT RATE</u></b>				
	1a. Bed Days	0		0	0
	1b. Client Advocate	0		0	0
	1c. Security Deposit	0	0.00	0	0
	1d. Other Unit Rate Costs	0		0	0
	<b>TOTAL UNIT RATE</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>2</b>	<b><u>CONTRACTUAL SERVICES</u></b>				
	2a. Accounting	0		0	0
	2b. Legal	0		0	0
	2c. Independent Audit	0	0.00	0	0
	2d. Other Contractual Services	0		0	0
	<b>TOTAL CONTRACTUAL SERVICES</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>3</b>	<b><u>ADMINISTRATION</u></b>				
	3a. Admin. Salaries	0		0	0
	3b. Admin. Fringe Benefits	0	0.00	0	0
	3c. Admin. Overhead	0		0	0
	<b>TOTAL ADMINISTRATION</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>4</b>	<b><u>DIRECT PROGRAM STAFF</u></b>				
	4a. Program Salaries	0		0	0
	4b. Program Fringe Benefits	0	0.00	0	0
	<b>TOTAL DIRECT PROGRAM</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>5</b>	<b><u>OTHER COSTS</u></b>				
	5a. Program Rent	0		0	0
	5b. Consumable Supplies	0		0	0
	5c. Travel & Transportation	0		0	0
	5d. Utilities	0		0	0
	5e. Repairs & Maintenance	0	0.00	0	0
	5f. Insurance	0		0	0
	5g. Food & Related Costs	0		0	0
	5h. Other Project Expenses	0		0	0
	<b>TOTAL OTHER COSTS</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>6</b>	<b><u>EQUIPMENT</u></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>7</b>	<b><u>PROGRAM INCOME</u></b>				
	7a. Fees	0		0	0
	7b. Other Income	0	0.00	0	0
	<b>TOTAL PROGRAM INCOME</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>
<b>8</b>	<b><u>TOTAL NET PROGRAM COST</u></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	(Sum of 1 through 6, minus Line 7)				